

SAN DIEGO GAS & ELECTRIC COMPANY

ORDER NO. EA-100-B

I. BACKGROUND

Exports of electricity from the United States to a foreign country are regulated and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. §824a(e)).

On April 19, 1994, in Order EA-100, the Office of Fossil Energy (FE) of the Department of Energy (DOE) authorized San Diego Gas & Electric Company (SDG&E), an investor-owned public utility, to transmit electric energy from the United States to British Columbia Hydro and Power Authority (BC Hydro) on a non-firm basis at a maximum rate of transmission of 400 megawatts (MW). The authorization expired on April 19, 1996. On September 22, 1995, SDG&E filed an application with FE for renewal of the authorization to export non-firm electric energy to BC Hydro. FE issued an amendment in Order EA-100-A on February 9, 1996, extending SDG&E's authorization to April 19, 1998.

On March 5, 1998, SDG&E filed an application with FE for another renewal of its authorization to export electric energy to BC Hydro. In the two previous Orders SDG&E was authorized to export non-firm power to BC Hydro. In this Docket (EA-100-B), SDG&E proposes to provide economy, unit commitment, and firm system capacity service to BC Hydro.

Notice of the SDG&E export application was placed in the Federal Register on March 16, 1998, (62 FR 12789) requesting that comments, protests, and petitions to intervene be submitted to the DOE by April 15, 1998. None were received.

II. DISCUSSION and ANALYSIS

The authority requested of DOE by SDG&E is a necessary condition for exporting under section 202(e) of the FPA. SDG&E must make the necessary commercial arrangements, including obtaining all necessary transmission access required to wheel the exported energy to the foreign purchaser, and obtain any and all other regulatory approvals which may be required in order to effect the export. In considering SDG&E's request for service, the transmitting utilities would have to assess the electric reliability impacts of moving the export through their system and, presumably, would only provide service under terms and conditions that would not cause reliability problems on their system.

An export authorization issued under section 202(e) does not impose on transmitting utilities a requirement to provide transmission service. However, DOE expects transmitting

utilities owning border facilities to provide access across the border in accordance with the principles of comparable open access and non-discrimination contained in the FPA and articulated in Federal Energy Regulatory Commission (FERC) Order Nos. 888 and 888-A (Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities). The actual rates, terms and conditions of transmission service shall be consistent with the non-discrimination principles of the FPA and the transmitting utility's Open Access Transmission Tariff on file with the FERC.

All recipients of export authorizations, including owners of border facilities for which Presidential permits have been issued, are required by their export authorization to conduct operations in accordance with the principles of the FPA and pertinent rules, regulations and orders, which include the comparable open access provisions of FERC Order Nos. 888 and 888-A. Cross-border electric trade ought to be subject to the same principles of comparable open-access and non-discrimination that apply to transmission in interstate commerce. (See Order On Complaint issued October 4, 1996 (Docket EL96-74-000)). Thus, DOE expects owners of border facilities to comply with the same principles of comparable open access and non-discrimination that apply to the domestic interstate transmission of electricity.

The circumstances described in SDG&E's application are similar to those for which export authority has previously been granted in FE Order Nos. EA-100 and EA-100-A. However, in these two previous Orders, SDG&E was authorized to export on a non-firm basis only. In this application, SDG&E contemplates selling firm surplus energy (among other services) to BC Hydro.

Although the instant application contemplates a certain amount of firm transactions that the two previous applications did not, DOE believes that the reliability review prepared in Docket No. EA-100 remains valid and sufficient for this proceeding. All exports made by SDG&E will be in accordance with the Western Systems Power Pool Agreement (WSPP)¹. Furthermore, SDG&E is a member of the Western Systems Coordinating Council (WSCC).² The operating practices of WSCC prohibit any transaction (in this case, exports) that would jeopardize the reliability of the seller's system or that of the regional power supply system. DOE believes that the existing industry reliability infrastructure will provide the same level of reliability for any firm exports made pursuant to this Order that it does for the non-firm exports made under the existing authorization.

¹ The Agreement is an approved rate schedule on file with the Federal Energy Regulatory Commission which provides for the mutual buying, selling, exchanging, and wheeling of short-term (less than one year) energy and capacity under a variety of circumstances. Under the terms of the WSPP agreement, each member agrees to provide transmission wheeling service for the other members as long as it does not create a reliability problem for the transmitting system.

² The Western Systems Coordinating Council is one of the ten regional electric reliability councils which collectively form the North American Electric Reliability Council. WSCC membership extends across 14 Western states, two Canadian Provinces and a portion of Baja California, Mexico. The purpose of WSCC is to promote the reliable operation of the interconnected bulk power systems through coordinated operation and planning of the region's generation and interconnected transmission facilities.

In a March 2, 1998 letter submitted as part of the SDG&E application, WSCC indicated that the proposed export would be mutually beneficial to the United States and Canada. WSCC further states that it is unaware of studies or other indications which would demonstrate that SDG&E's proposed export could adversely affect the reliability or stability of the western interconnected system. However, WSCC suggests that, to insure such reliability, SDG&E be required to: (1) give advance notice of all export transactions to each of the affected WSCC members; and (2) reduce or terminate the export, as necessary, to prevent adverse effects on the reliability and stability of the western interconnected systems. DOE notes that these conditions suggested by WSCC were contained in Order Nos. EA-100 and EA-100-A and have been retained in this Order.

Since the original export authorization was issued to SDG&E in April 1994, DOE has authorized numerous power marketers and "traditional" utilities to export over third party transmission facilities; i.e., the international transmission lines owned and operated by the holders of Presidential permits. In determining export limits for exports over these third party facilities, DOE has used the technical studies supporting the export authorizations issued for traditional entities operating at the border. However, this approach is applicable only for exports over international transmission facilities for which export authorizations have been issued and for which reliability studies have been performed. SDG&E seeks export authority using the facilities owned and operated by the Bonneville Power Administration (BPA).

As a Federal agency, BPA is non-jurisdictional to section 202(e) of the FPA. Consequently, BPA was never issued an export authorization which DOE could have used to set limits for exports by SDG&E over BPA's international transmission ties with Canada. However, DOE has obtained information from BPA on the transmission limits assigned to the two 500-kV and the two 230-kV lines connecting the BPA system with BC Hydro and West Kootenay Power for operation in the export mode. This information has been used by DOE in setting the export limits contained in ordering paragraph (B).

III. FINDING

DOE has assessed the impact that the proposed export would have on the reliability of the U.S. electric power supply system. Based on the above discussion and analysis, DOE has determined that the export of electric energy to Canada as requested by SDG&E and as limited herein would not impair the sufficiency of electric power supply within the United States and would not impede or tend to impede the coordination in the public interest of facilities within the meaning of section 202(e) of the FPA.

DOE also has determined that this action is among those classes of actions not normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion under Appendix B to Subpart D, paragraph B4.2 of the revised DOE Regulations implementing NEPA. Specifically, this categorical exclusion is

provided for transmission of electric energy using existing transmission systems. Documentation of the use of this categorical exclusion has been placed in this Docket.

IV. ORDER

Based on the above, it is hereby ordered that the authorizations issued to SDG&E in Order Nos. EA-100 and EA-100-A are superseded and that SDG&E is now authorized to export electric energy to Canada under the following terms and conditions:

(A) The electric energy exported by SDG&E pursuant to this Order may be delivered to Canada only over the following existing international transmission facilities:

<u>Owner</u>	<u>Location</u>	<u>Voltage</u>	<u>Presidential Permit No.</u>
BPA	Blaine, WA	2 - 500-kV	PP-10
	Nelway, WA	2 - 230-kV	PP-36 & PP-46

(B) Exports by SDG&E shall be limited to a maximum rate of transmission of 400 MW; however, in no event shall exports by SDG&E cause total exports on the two 500-kV lines authorized by Presidential Permit PP-10, the 230-kV line authorized by Presidential Permit PP-36, and the 230 kV line authorized by Presidential Permit PP-46 to exceed the following limits:

<u>Condition</u>	<u>PP-36 & PP-46 Limit</u>	<u>PP-10 Limit</u>	<u>Total Export Limit</u>
All lines in service	400 MW	1500 MW	1900 MW
1-500 kV line out	400 MW	300 MW	700 MW
2-500 kV lines out	400 MW	0 MW	400 MW
1-230 kV line out	400 MW	1500 MW	1900 MW
2-230 kV lines out	0 MW	1500 MW	1500 MW

Any request by SDG&E for change to the export limits contained above will be considered by DOE after submission by SDG&E of appropriate information demonstrating a change in the transmission transfer capability between BPA and BC Hydro, or BPA and West Kootenay Power.

(C) In scheduling the delivery of electricity exports to Canada, SDG&E shall comply with all reliability criteria, standards, and guides of the North American Electric Reliability Council and the WSCC, on such terms as expressed therein, and as such criteria, standards, and guides may be amended from time to time.

(D) SDG&E shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and

orders adopted or issued thereunder, including the comparable open access provisions of FERC Order Nos. 888 and 888-A.

(E) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of the Presidential permits referred to in paragraph (A).

(F) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

(G) SDG&E shall make and preserve full and complete records with respect to the electric energy exported to Canada. SDG&E shall furnish quarterly reports to the DOE, within 30 days following each calendar quarter, detailing for each month of the previous quarter: (1) the gross amount of electricity delivered, in kilowatt hours; (2) the consideration received for such energy; and (3) the maximum hourly rate of transmission, in kilowatts. Quarterly reports must be filed irrespective of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating “no activity” for the previous quarter is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-27, 1000 Independence Avenue, SW, Washington, D.C. 20585-0305. Properly identified reports will also be accepted via facsimile at (202) 287-5736 to meet time requirements, but original copies should still be filed at the above address.

(H) In accordance with 10 C.F.R. §205.305, this authorization is not transferable or assignable, except in the event of the involuntary transfer of this authority by operation of law. Provided written notice of the involuntary transfer is given DOE within 30 days, this authorization shall continue in effect temporarily. This continuance also is contingent on the filing of an application for permanent authorization within 60 days of the involuntary transfer and the authorization shall then remain effective until a decision is made on the new application. In the event of a proposed voluntary transfer of this authority to export electricity, the transferee and the transferor shall file jointly an application for a new export authorization, together with a statement of reasons for the transfer.

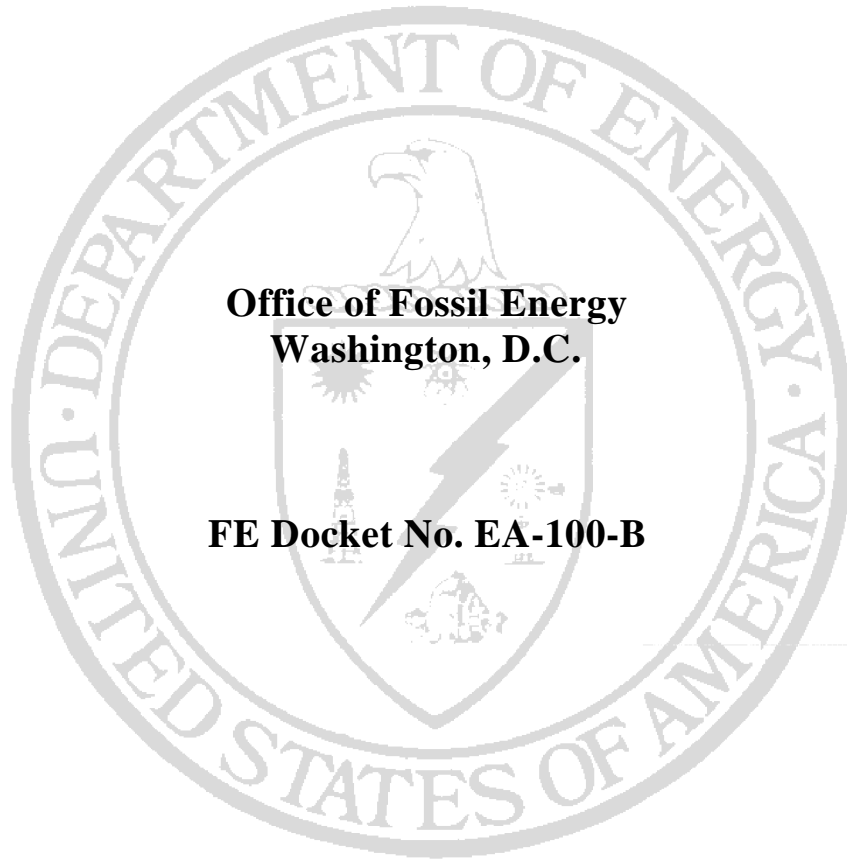
(I) Exports authorized herein shall be reduced or suspended, as appropriate, whenever a continuation of those exports would impair or tend to impair the reliability of the U.S. electric power supply system. Furthermore, SDG&E shall give advance notice of all export transactions to each of the affected WSCC members.

(J) This authorization shall be effective for a period of five (5) years from the date of this Order. Within six months prior to the expiration of this authorization, SDG&E may reapply for renewal of this five-year authorization or request a period of time longer than the five-year period.

Issued in Washington, D.C., on April 30, 1998.

Anthony J. Como
Manager, Electric Power Regulation
Office of Coal & Power Im/Ex
Office of Coal & Power Systems
Office of Fossil Energy

UNITED STATES DEPARTMENT OF ENERGY



**Office of Fossil Energy
Washington, D.C.**

FE Docket No. EA-100-B

SAN DIEGO GAS & ELECTRIC COMPANY

Order Authorizing Electricity Exports to Canada

Order No. EA-100-B

April 30, 1998